



**February 2012
Issue 1**

**Clinton County USDA
Service Center**

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Hours:
Monday - Friday
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Website:
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County Committee:
John Felzke
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County Committee Advisor:
Melva Kelley

Staff:
Linda Applebee
Amanda Berndt
Valerie Prosser
Doreen Schneider

County Executive Director:
Anita Perkins

Farm Loan Manager:
Jon LaPorte

Direct and Counter –Cyclical Program (DCP)

Sign-up: has begun and will continue through June 1, 2012.

Basic Program Rules:

- Base acres must be planted to an annual crop, be in hay or idle grasses. Fruits & Vegetables (FAV) cannot be planted on base acres unless the farm or producer has FAV history. In cases where FAVs can be planted, the producer will receive an acre-for-acre reduction in their program payment.
 - Farms must have more than 10 acres of base to participate. Exceptions apply to socially disadvantaged and limited resource farmers.
 - Payments can only be earned by the person who has the risk in producing and marketing the crop.
 - Annual certification of all cropland on the farm is required.
 - Highly Erodible & Wetland (HEL/WC) provisions apply
 - Land leases must include at a minimum:
 - landowner and operators names printed and signatures
 - signature dates next to signatures
 - type of lease (cash lease, barter lease with terms)
 - length of lease if lease is for multiple years (i.e.: 3 yr lease from 2010-2012)
- Specify the number of acres you are leasing if it is less than the total cropland attached to the farm.
- Please be assured that any information contained in your leases will be kept confidential.

Farm Cash Rent Certification can be completed in place of a cash lease if a previous lease was provided. Exceptions would be for land rented for the first time including land increases from the same owner.

Direct Payment is a guaranteed payment. Payment is calculated using the farm base & yield. Payments rates are: corn .28, wheat .52, barley .24, oats .024 and soybeans .44 (payment = base x 85% x yield x share x payment rate). There will be no advance payments issued for 2012. The full program payment will be issued in October.

Counter-Cyclical Payment is a payment based on a 12-month marketing cycle in comparison to the target price. This is not a guaranteed payment.

ACRE Crop Revenue (ACRE)

The ACRE alternative provides eligible producers a state-level revenue guarantee, based on the 5-year Olympic average yield and the 2-year national average price.

Producers who elect the ACRE program for a farm agree to:

- forgo counter-cyclical payments
- accept a 20% reduction in the guaranteed direct payment
- accept a 30% reduction in loan rates for all commodities produced on the farm

ACRE payments are revenue based and are tied to crop production and the National Average Market price for planted covered commodity crops on the farm.

Reporting requirements: producers who participate in ACRE must annually report acreage and **production** to FSA.

Adjusted Gross Income (AGI) Compliance

USDA has a Memorandum of Understanding with the Internal Revenue Service to establish an electronic information exchange process for verifying compliance with the adjusted gross income provisions for the farm programs. Written consent will be required from each producer or payment recipient for the tax review process. No actual tax data will be included in the report that the IRS sends to the USDA. This agreement will ensure that payments are not issued to producers whose AGI exceeds certain income limits.

FSA has modified the FSA-931 (AGI Certification) form to contain both the AGI certification for FSA and the consent to verify for the IRS. Participants will no longer be required to send written consent to the IRS. However, to keep this form from being rejected by the IRS it must be completed with the exact name and address used when dealing with the IRS. The IRS does not allow spouses to sign for each other.

Payment Limitations

To be eligible for FSA program benefits, you are required to fill out a CCC-902 that explains your farming operation. Once filed, this form remains in effect until there is a change that could affect your “actively engaged in farming” determination. We will still need to update all land changes.

Change for Entities

Every stockholder or member of a legal entity, such as a corporation, does not have to contribute labor or management if both of the following apply:

1. At least half of the interest in the legal entity is held by stockholders or members who are providing active personal labor or active personal management that altogether qualifies as a significant contribution to the farming operation.
2. The total direct payments received both directly and indirectly, by the legal entity and each of the members does not exceed \$40,000.

Purposely providing incorrect data to manipulate payment limitations could result in loss of program benefits. The information provided is subject to an end-of-year review.

Program Payment Limitations:

DCP	Direct Payment	\$ 40,000	CRP	50,000
	Counter-Cyclical	65,000	NAP	100,000
ACRE		65,000	SURE	100,000

Signature Requirements

Spouses may sign all program applications without having a power of attorney. If for some reason you do not want your spouse to sign your name on program documents we must be notified in writing.

Exception: Commodity Loans - both spouses must sign for commodity loans, marketing authorizations and lock-in repayment rates unless you have a power of attorney on file.

Updating Farm Records for 2012

Reconstitutions – Changes that require a farm combination or split should be reported as soon as possible to prevent a delay in program participation. Request for a recon must be received by August 1, 2012.

Method of Division: most reconstitutions are divided by the DCP cropland method for tract divisions and the Default method for farm divisions. Two alternate methods of divisions are available upon request:

- Estate Method – allows the bases to be distributed as requested by interested parties. This may be used when a parent farm is divided among heirs in settling an estate
- Designation of Landowner Method - allows the bases to be distributed as requested by interested parties. This may be used when part of a farm is sold or ownership is transferred to two or more persons. In order to use this method the land sold must have been owned for three years, or a waiver granted. The buyer and seller must submit a signed Memorandum of Understanding or all individuals can sign the FSA-155 (Request for Reconstitution) agreeing to the designation of bases.

Land ownership changes - proof of ownership is needed to add a new owner to a piece of property. Please bring a filed deed/land contract, tax receipt, etc with you when requesting a change in ownership.

Farm operator changes - a rental agreement between the owner and operator is required to change the farm operator on a farm. Information pertaining to the farm cannot be released to individuals with intent to rent.

Foreign Landowner Notification

Federal Law requires all foreign owners of U.S. agricultural land to report their holdings to the Secretary of Agriculture. The Farm Service Agency administers this program for USDA. Foreign persons who have purchased or sold agricultural land in the county are required to report the transaction to FSA within 90 days of the closing. Failure to report could result in civil penalties of up to 25 percent of the fair market value of the property.

Farm Storage Facility Loan (FSFL)

The Farm Storage Facility Loan (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities. The new maximum principal amount of a loan is \$500,000. Participants are required to provide a down payment of 15 percent. New loan terms of 7, 10 or 12 years are available depending on the amount of the loan. Interest rate for the loan will be based on the monthly CCC posted loan rate at the time of closing.

Payments are available in the form of a partial disbursement and the remaining final disbursement. The partial payment will be available after a portion of the construction has been completed. The final payment will be made when construction is completed. The maximum amount of the partial disbursement will be 50 percent of the approved total loan amount.

An FSFL must be approved before any site preparation or construction can begin.

Eligible commodities for the FSFL program include: corn, grain sorghum, soybeans, oats, wheat, barley, minor oilseeds, pulse crops, hay, renewable biomass, fruits (including nuts) and vegetables.



Commodity Loans

Commodity loans, also referred to as Marketing Assistance Loans, are available to producers who share in the risk of producing the crop. To be eligible, you must maintain beneficial interest in the crop through the time of application. Once beneficial interest in a commodity is lost, the commodity is ineligible for loan — even if you regain beneficial interest.

Violating provisions of a marketing assistance loan may trigger administrative actions, such as assessing liquidated damages, calling the loan and denial of future farm-stored loans. The most common violations are removing or disposing of a commodity being used as loan collateral without prior authorization and providing an incorrect quantity certification. A marketing authorization can easily be obtained by visiting the office or making a quick phone call. Multiple authorizations can be issued if you have made arrangements to sell your grain to more than one purchaser.

Noninsured Crop Disaster Assistance Program (NAP)

The noninsured crop disaster assistance program (NAP) is a federally funded program that helps producers reduce their risk when growing food and fiber crops, specialty crops and crops for livestock feed. These benefits are only available for crops for which the catastrophic level of crop insurance is not available. Application for coverage must be filed by the applicable crop's application closing date.

Production records for all crops must be reported to FSA no later than the acreage reporting date for the crop for the following year. FSA requires that any production reported in a loss year be verifiable according to Agency specifications. *NAP Losses must be reported within 15 days of loss.*

Highly Erodible Land and Wetland Conservation Compliance

Landowners and operators are reminded that in order to receive payments from USDA, compliance with Highly Erodible Land (HEL) and Wetland Conservation (WC) provisions are required. Farmers with HEL determined soils are reminded of tillage, crop residue, and rotation requirements as specified per their conservation plan. Producers are to notify the Farm Service Agency prior to conducting land clearing or drainage projects to insure compliance. Failure to obtain advance approval for any of these situations can result in the loss of eligibility and all Federal payments.

County Committee Election Results

Congratulations to John Felzke! John was re-elected to represent farmers from Bath, Dewitt, Eagle, Olive, Victor and Watertown Townships. John was elected to his 2nd consecutive term. The election results for Local Administrative Area 3 are:

John Felzke — Elected to the county committee (COC),
Robert O Reese III — 1st alternate to COC,
Brian Seyfried — 2nd alternate to COC

FSA appreciates all of the voters for taking the time to complete the election ballot. The county committee system works only because of your participation.

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To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay).

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